



# PANHANDLE

BENEWAH, BONNER, BOUNDARY, KOOTENAI, & SHOSHONE COUNTIES

## EMPLOYMENT TRENDS

This newsletter section will focus on how 2002 affected the five Panhandle counties. Because the U.S. downturn in manufacturing began in late 2000 and the depths of the U.S. recession occurred in 2001, this newsletter describes changes from 2000 to 2002 to give a comprehensive review of the effects of the U.S. economic slowdown on the Panhandle. The construction permits data used in this newsletter are from Wells Fargo's *Idaho Construction Report*, while taxable sales and hotel-motel receipts data are from the Idaho Tax Commission.

One current event must be mentioned. Santa was good to Panhandle businesses relying on winter tourism. Enough snow fell to allow ski areas to open before Christmas. Therefore, the region's three ski areas were able to host large Christmas vacation crowds, and shopkeepers, restaurant owners, and innkeepers in Bonner and Shoshone Counties enjoyed a merrier Christmas than some feared they might.

## AREA DEVELOPMENTS IN 2002

### Benewah County

- Benewah County's economy remained stagnant in 2002 as evidenced by its 10.4 percent unemployment rate. The stagnation reflects its heavy dependence on the timber industry, which declined during the last few years. *Lumber & Wood Products* employment fell from 993 jobs in 1997 to 805 by 2000. After the opening of the Plummer Forest Products mill, jobs rose to 841 in 2001. The April closure of the Pacific Northwest Fiber strawboard plant, as well as reduced logging and mill activity, decreased employment to approximately 780 jobs in 2002. Recently, Newco Building Supply reopened the former strawboard plant with 10 employees. Carney will close its pole yard in St. Maries in the first quarter of 2003, putting eight people out of work.
- The county's mining industry, which lost five jobs between 2000 and 2001, lost seventeen jobs after Emerald

Panhandle Table 1: Labor Force & Employment

Benewah, Bonner, Boundary, Kootenai, & Shoshone Counties	Projected 2002	2001	% Change From Last Year
INDIVIDUALS BY PLACE OF RESIDENCE			
Civilian Labor Force	92,478	88,341	4.7
Unemployed	7,613	7,703	-1.2
% of Labor Force Unemployed	8.2%	8.7%	
Total Employment	84,864	80,638	5.2
JOBS BY PLACE OF WORK			
<b>Nonfarm Payroll Jobs**</b>	68,880	67,950	1.4
<b>Goods-Producing Industries</b>	13,310	14,060	-5.3
Mining	560	760	-26.3
Construction	4,260	4,610	-7.6
Manufacturing	8,490	8,690	-2.3
Lumber & Wood Products	4,060	4,120	-1.5
All Other Manufacturing	4,430	4,570	-3.1
<b>Service-Producing Industries</b>	55,570	53,890	3.1
Transportation	1,470	1,470	0.0
Communication & Utilities	1,030	1,060	-2.8
Wholesale Trade	2,120	2,150	-1.4
Retail Trade	14,940	14,840	0.7
Finance, Insurance & Real Estate	2,650	2,640	0.4
Services	18,910	17,510	8.0
Government Administration	9,040	8,910	1.5
Government Education	5,410	5,310	1.9

\*\*Full- or part-time jobs of people who worked for or received wages in the pay period including the 12th of the month

Creek garnet mine permanently laid off one-third of its workforce in November 2002.

- Construction lost more than 20 jobs between 2000 and 2002. Building permits issued by the City of St. Maries in the first nine months of 2002 totaled \$544,052, slightly lower than the \$560,731 recorded in the first nine months of 2000. That's less than half the value of the permits issued in the first nine months of each year in the 1990s.
- Economic malaise continues to undermine the county's retail and service sectors. During 2002, taxable sales in Benewah County totaled \$44,280,409, up 4.0 percent from \$42,560,828 in 2000. During those two years, the consumer price index rose 4.2 percent, so Benewah County's retail sales have fallen slightly in real terms. The retail sector lost about 15 jobs during the last two years, while the county's only call center, Mountain States Glass, cut about 30 jobs.
- Benewah County's tourism sector remains small. The expansion of the marina and introduction of a cruise boat at Heyburn State Park two sum-

mers ago, and the near completion of the Trail of the Coeur d'Alenes from Plummer to Mullan, contributed to an increased number of visitors. Hotel-motel receipts totaled \$252,989 in the first 11 months of 2002, up 22.2 percent from the same period two years before.

- Benewah County's population fell from 9,171 in 2000 to 8,995 in 2001, according to the U.S. Census Bureau. Declining school enrollments suggest that a few more families moved out of the county between 2001 and 2002. The St. Maries School District's fall enrollment declined from 1,252 in 2000 to 1,132 in 2002, while the Plummer-Worley School District's enrollment declined from 563 to 529.
- Economic stagnation caused the number of private-sector employer establishments to fall from 295 in 2000 to 279 in 2002. The industries with the largest decreases were construction, logging, and retail.
- The largest job growth during the last two years occurred in the Coeur d'Alene Tribe, which added about 40 jobs in Benewah County and more than 150 jobs at its casino and hotel just over the Kootenai County line. The opening of the casino's 18-hole golf course this spring should bring more jobs.
- Economic development organization Timber Plus is working to expand opportunities in the St. Maries area. Projects underway include a \$2.1 million downtown improvement project, replacement of the surgery at Benewah Community Hospital, and construction of a new floodwall.

### **Bonner County**

- Despite the U.S. economic slowdown, Bonner County's economy remained buoyant in 2002. It added about 360 payroll jobs between 2001 and 2002, after it added 187 payroll jobs the year before. In addition, the county continued to add new businesses. The number of private-sector employer establishments rose from 1,249 in 2000 to 1,294 in 2002. Since 2000, Bonner County lost one mill and five logging operations, while it added five manufacturing operations, two restaurants, four stores, and forty service businesses.
- Economic growth, along with the county's scenic and lifestyle attractions, allowed the population to grow from 36,835 in 2000 to 37,479 in 2001. Fall enrollments at the two school districts rose from 5,718 in 2001 to 5,759 in 2002, suggesting the county continued to enjoy population growth in 2002.
- The unemployment rate edged down slightly from 8.4 percent in 2001 to 8.2 percent in the 12-month period ending November 2002. In 2000, when lumber mills had large layoffs, the unemployment rate reached 9.0 percent.
- Tourism plays an ever-larger role in the county's economy. Hotel-motel receipts in the first 11 months of 2002 totaled \$10,903,927, up 9.4 percent from the first 11 months of 2001 and 12.0 percent above the first 11 months of 2000. The 2001-2002 winter tourism season

was excellent, and summer tourism continued to do well despite the slowdown in the U.S. travel industry. In the summer of 2002, Schweitzer Mountain Resort opened a large retail complex at its village. The resort plans to further develop the ski area and build more condominium units.

- Good tourist seasons and economic growth boosted taxable sales to \$286,952,736 in 2002, up 13.6 percent from 2000.
- In the first nine months of 2002, the City of Sandpoint issued permits for construction projects valued at \$4.4 million, much lower than the \$7.7 million in the first nine months of 2000. Low mortgage rates and continued population growth fostered the residential construction market in 2001 and 2002, but commercial permits fell considerably after 2000.
- The county's manufacturing sector continued to grow, while the U.S. manufacturing sector declined. *Lumber & Wood Products*, the county's largest manufacturing industry, rose from 961 jobs in 2000, when several mills cut jobs, to about 1,060 jobs in 2001 and 2002. Other manufacturing industries held their employment steady in 2001 and then added about 100 jobs in 2002. Litehouse, a company that produces salad dressings, was the source of most of these new jobs.
- Bonner County is likely to enjoy further manufacturing job growth during the next two years. In late fall, Packer Aircraft had moved into a new 22,000-square-foot building near the Sandpoint Airport, where its 35 employees are making prototypes of aircraft. Once the aircraft goes from prototype to reality, Packer may employ as many as 150 people. Unicep Packaging, a manufacturer of disposable applicators used in medicine and manufacturing, added about 30 jobs this year and expects to double production in 2003. Encoder Products, the county's largest electronics firm, soon will open its new building, which will allow it to expand over the next two years. In addition, the Bonner County Economic Development Corporation persuaded seven small out-of-state companies to move to the Sandpoint area.

- The U.S. economic slowdown did take a toll in some parts of the local economy. The Sandpoint Job Service took 3,555 initial unemployment claims in the first nine months of 2002, compared to 3,138 in the first nine months of 2000. Like many U.S. retailers, Coldwater Creek, the Sandpoint-based catalog company, downsized in 2002; the company cut about 180 positions in 2002.

### **Boundary County**

- The last three years battered the Boundary County economy. After enjoying strong growth in the 1980s and 1990s, the local economy quit producing jobs in 2000. *Nonfarm Payroll Jobs* peaked at 3,416 jobs in 1999, and then gradually eroded to an estimated 3,150 jobs in 2002. The job erosion occurred mainly in the *Lumber & Wood Products* industry, construction, retail stores, and restaurants.

- *Lumber & Wood Products* employment declined from 588 jobs in 1999 to 529 jobs in 2002. Unfortunately, a global oversupply of wood products may force further reductions in 2003. In November, Louisiana-Pacific temporarily shut down both of its mills in Boundary County. Workers returned to the Moyie Springs mill in early December and to the Bonners Ferry mill in early January.
- *Construction* lost about 50 jobs in the last two years. In the first nine months of 2002, the City of Bonners Ferry issued permits for construction projects valued at \$996,129, considerably higher than the \$261,818 in the first nine months of 2000, but considerably lower than the average \$1.7 million per year issued in the last half of the 1990s.
- Many Boundary County residents are struggling with unemployment. Initial unemployment insurance claims taken by the Bonners Ferry Job Service increased 25.8 percent, from 907 in 2000 to 1,141 in 2002. Boundary County's unemployment rate in the 12-month period ending November 2002 averaged 7.5 percent.
- The wobbly economy slowed population growth during the last two years. Boundary County's population increased only marginally, from 9,918 in 2000 to 9,926 one year later. The population may have declined last year, because school enrollment edged down from 1,677 in 2000 to 1,633 in 2002.
- The Kootenai Tribe's Inn & Casino, the centerpiece of the county's tourism industry, attracted more visitors during the last two years. Hotel-motel receipts in the first 11 months of 2002 reached \$2,565,522—19.6 percent above the first 11 months of 2000.
- Fortunately, better prices for crops and strong demand for landscaping because of the U.S. housing construction boom are helping agricultural businesses in the region, including Elk Mountain Farms, ornamental tree nurseries, and local grain farmers.
- During 2002, taxable sales in Boundary County totaled \$53,680,688, up 13.0 percent from 2000. More than half of that growth came from increased sales at the Kootenai River Inn & Casino. Tree nurseries and various service businesses made up the rest of the growth. Retail stores and restaurants saw their sales fall slightly and lost more than 60 jobs between 2000 and 2002.
- The harsh economic environment caused more businesses to close than open. The number of private-sector employer establishments declined from 368 in 2000 to 349 in 2002, as the county lost construction, retail, restaurant, and service businesses. The most recent casualty was the Taco Bell restaurant near Bonners Ferry High School, which closed in early December, putting more than a dozen people out of work.
- The U.S. economic slowdown is hurting CEDU, the county's largest employer. CEDU, whose Rocky Mountain Academy and other programs educate troubled teens, reduced its employment slightly during recent

months, because of federal and state budget cuts for social programs and decreases in family incomes.

- Much is happening to improve the long-term well-being of Boundary County residents. The River Valley Health Clinic, providing medical care to the uninsured and underinsured, opened in December next to Boundary Community Hospital. In September, the City of Bonners Ferry and the Kootenai Tribe broke ground on a \$600,000 pedestrian underpass beneath U.S. Highway 95 that will link downtown Bonners Ferry with the Kootenai River Inn & Casino by next fall. To make downtown more attractive, the city plans to add sidewalks, streetlights, and landscaping.

## Kootenai County

- Kootenai County continues to be the region's powerhouse. From 2000 to 2002, Kootenai County added about 1,900 payroll jobs, while the rest of the Panhandle gained about 300 jobs. Four businesses were responsible for the job growth in Kootenai County. The openings of two Center Partner call centers brought 1,400 jobs to the area, while the opening of the Post Falls Wal-Mart brought 350 jobs and expansion at Kootenai Medical Center brought 130 jobs. When Oxy-fresh Worldwide, a multi-level marketing firm, moved from Spokane to Coeur d'Alene in January 2002, it brought 50 jobs.
- Like other U.S. manufacturers, the county's manufacturers took a beating during the last two years. *Lumber & Wood Products* lost 280 jobs, while electronics, plastics, furniture, and other manufacturers lost 200 jobs. These losses and the job losses of Kootenai County residents who worked in Spokane County explain why Kootenai County's unemployment rate rose from 7.4 percent in 2000 to 8.0 percent in the 12-month period ending November 2002.
- Although population growth has slowed since the 1990s, the county still adds nearly 3,000 people a year to its population base. Its population increased from 108,685 in 2000 to 115,000 in 2002.
- The U.S. economic slowdown and the effects of the September 11 attacks on travel took a small toll on Kootenai County's tourism sector. Hotel-motel receipts in the first 11 months of 2002 totaled \$33.8 million, 4.6 percent below the first 11 months of 2000. This past summer, the county hosted close to as many tourists as it normally does, but the tourists spent less money than they normally do. Despite the downward trend in tourism, Silverwood Theme Park hosted a record number of visitors. There's good reason to expect strong tourism growth in 2003. This spring, Silverwood will open a spectacular water park, while the Coeur d'Alene Tribe's casino will open a golf course. In addition, the Coeur d'Alene Area Chamber of Commerce will host up to 35,000 people at the USA Ironman Triathlon this summer and the next four summers.
- During 2002, taxable sales in Kootenai County totaled \$923,395,375, up 9.6 percent from 2000. Although the rate of growth between 2000 and 2002 was slower than

the 6.8 percent a year seen in the 1990s, it still was fairly strong.

- The two largest cities and the county government issued permits for construction projects valued at \$145 million in the first nine months of 2002—2.0 percent higher than \$142.2 million in the first nine months of 2000. Residential construction increased, but nonresidential construction fell. The net result was the loss of 200 construction jobs between 2000 and 2002.
- Economic growth fostered business growth. The number of private-sector employer establishments rose from 3,738 in 2000 to 3,902 in 2002. The county added 21 finance, insurance, or real estate offices, 52 construction businesses, and 99 service businesses, while it lost 5 wholesalers, 2 mining-related businesses, and 10 transportation or communications firms.
- Prospects look good for further growth in Kootenai County. The University of Idaho Research Park added several new tenants this year, improving the prospect that Interstate 90 between Spokane and Coeur d'Alene will become a technology corridor. This summer, an \$18 million surgical hospital will open in Post Falls. At the Riverstone development in Coeur d'Alene, a developer plans to build a \$40 million commercial center, including a 14-screen movie theater, slated to open in 2005.

### Shoshone County

- The year 2002 was slightly better for Shoshone County than 2001. In 2001, the county's largest employer, the Sunshine Mine, closed and the next largest mine, the Lucky Friday, laid off 140 people. That left only one mine, the Galena, fully operating and brought mining employment in Shoshone County to 319 jobs, its lowest level in more than 110 years. In 2002, the Lucky Friday added about 40 jobs, and the Tele-Servicing Innovation (TSI) call center added 60 jobs. If the prices of silver or zinc should rise considerably during the next two years, one or more mines could reopen and a proposed zinc plant may be built, potentially bringing many jobs to the county.
- TSI opened a call center in Smelterville in November 2001 with 35 employees. A year later, it employed 95 people there. In December, citing postponements and reductions in work contracts because its customers faced budgetary restraints, TSI temporarily shut down. Most of the employees returned to work January 6.
- Despite hard times in the mining industry, Shoshone County's economy has proven to be more resilient than many expected. Shoshone County's unemployment rate, which had risen to 12.4 percent in 2001, edged down to 9.9 percent in the 12-month period ending November 2002. Many of the miners who lost their jobs in 2001 found jobs at Montana and Nevada mines.
- Two reasons for Shoshone County's economic resilience in the face of mining's decline are the transformation of the population base and the reversal of tradi-

tional commuting patterns. Following massive mining job losses in the early 1980s, many young families moved out, while many older people stayed. In addition, the county's lifestyle and outdoor recreation opportunities brought many retirees to the county in recent years. Until 20 years ago, many Kootenai County residents commuted to work in Shoshone County. Now, commuters travel the other way, because of Shoshone County's lower housing costs and Kootenai County's job growth. More than 1,100 Shoshone County residents work outside the county.

- Shoshone County's population fell from 13,771 in 2000 to 13,443 in 2001. Fall school enrollment dropped from 2,326 in 2001 to 2,209 in 2002, suggesting a number of young families moved out last year.
- Jobs in the construction industry, including U.S. Environmental Protection Agency Superfund projects, fell from 190 in 2000 to 110 two years later, while manufacturing jobs remained constant. The *Lumber and Wood Products* industry employs about 110 people, while other manufacturers employ about 180. Falling tax bases and declining population caused government entities to cut about 50 jobs.
- Taxable sales in Shoshone County rose 6.4 percent, from \$89.5 million in 2000 to \$95.2 million in 2002. In the same period, the consumer price index rose 4.2 percent. Most of the sales growth can be attributed to Dave Smith Motors in Kellogg, one of the largest auto dealerships in the United States. Retail stores and restaurants lost about 50 jobs during the last two years.
- The county's economic woes forced some businesses to close during the last two years. The number of private-sector employer establishments fell from 397 in 2000 to 376 in 2002. Among the businesses lost were the Sunshine Mine, two construction firms, eleven service businesses, and five retail stores.
- After strong growth in the 1990s, the county's tourism sector did not develop much during the last two years. Tourism employment remained steady at 570 jobs. Hotel-motel receipts in the first 11 months of 2002 totaled \$2,361,320, 1.5 percent below the first 11 months of 2000. Fortunately, planned developments at Silver Mountain Resort will greatly enhance the tourism sector during the coming years. Silver Mountain plans to build an 18-hole golf course by 2005 and develop housing units around the golf course and ski area. In addition, growing numbers of hikers, bicyclists, and snowmobilers are exploring the hundreds of miles of recently developed trails.

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